New Credit Policy

*60. SHRI K.P. SINGH DEO : Will the Minister of FINANCE be pleased to state :

(a) whether the Reserve Bank of India (RBI) has announced a new credit policy recently;

(b) if so, the salient features thereof;

(c) the date of its declaration and by when the new credit policy is likely to be made effective; and

(d) the steps being taken to ensure the interest rates on loans for anti-poverty and self employment programmes are at minimum rates?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c). The monetary and credit policy for the second half of 1996-97 was announced by the Reserve Bank of India (RBI) on October 19, 1996. The salient features of the policy are as follows :

(i) Lowering of the Cash Reserve by 2 percentage points between October 1996 and January, 1997 in 4 equal phases of 0.5 percentage point each with effect from the fortnights beginning October 26, 1996, November 9, 1996, January 4, 1997 and January 18, 1997 respectively.

(ii) Lowering of the export credit refinance limits of banks from the fortnight beginning November 9, 1996.

(iii) Raising the target for export credit by 2 percentage points to 12 per cent of net bank credit to be achieved by the end of March, 1997.

(iv) Lowering the ceiling interest rate on term deposits of 30 days and upto one year by one percentage point to 'not exceeding 10.0 percent per annum' effective October 21, 1996.

(v) Rationalisation of the interest rate prescriptions on post-shipment export credit effective October 21, 1996, whereby a larger part of export credit would be required to be provided at lower interest rate.

(vi) Banks are required to announce the maximum spread over Prime Lending Rate (PLR) that they would charge borrowers in the category (with credit limits of over Rs. 2 lakh) to whom PLR stipulations apply. (PLR is the minimum rate applicable to large borrowers with credit limits over Rs. 2 lakh).

(vii) Exemption from selective credit controls for commodities which were subject to the controls, except, buffer stock and unreleased stocks of sugar to sugar mills, with effect from October 21, 1996 has been made. The minimum margins on unreleased stocks of sugar was lowered by 5 per cent effective October 21, 1996. In the case of buffer stock of sugar the prescription of a zero per cent margin would continue.

(viii) Banks have been permitted to provide foreign currency denominated loans to their customers out of their resources under the Foreign Currency Non-Resident (Banks) (FCNR (B) deposit scheme.

(ix) Freeing banks to lay down their own ground rules for consortium lending arrangements.

(x) Extending the coverage of the loan system for delivery of credit and modifying the Scheme to impart more flexibility.

(xi) Allowing banks to purchase shares and debentures in the secondary market within the existing ceiling of 5 per cent of the incremental deposits in the previous year for purchases including from the primary market and through develvement through underwriting and investments in mutual funds.

(d) The lending rate prescriptions to Scheduled Commercial Banks provide for lower interest rates for small loans of upto Rs. 2 lakh. Loans of upto Rs. 25,000/- are required to be charged interest at 12.0 per cent and loans of over Rs. 25,000/- and upto Rs. 2 lakh at 13.5 per cent.

Lending to Priority Sector

387. SHRI MULLAPPALLY RAMACHANDRAN : Will the Minister of FINANCE be pleased to state :

(a) whether any reduction has been recorded in priority sector lending by nationalised banks; and

(b) if so, the detailed comparative figures of priority sector lending by each of the Nationalised Banks during 1993-94, 1994-95 and 1995-96 and the target envisaged for such lending during 1996-97?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) and (b). The outstanding position of priority sector lending of each of the nationalised banks as on the last Friday of March 1994, March 1995 and March 1996 is given in the enclosed Statement. Reserve Bank of India (RBI) has stipulated a lending target of 40.0 per cent of net bank credit to priority sector. Against this target, the achievements of the nationalised banks for lending to priority sector are 38.82 per cent, 37.37 per cent and 39.14 percent of the net bank credit as on the last Friday of March 1994, March 1995 and March 1996 respectively.

STATEMENT

Priority sector lending of Nationalised Banks as on the last Friday of March 1994, March 1995 and March 1996. (Rs. crore)

Bank	March 1994	March 1995	March 1996
Allahabad Bank	1615.50	1574.80	1596.00
Andhra Bank	787.47	856.53	961.32
Bank of Baroda	4029.42	4860.80	5257.54
Bank of India	2952.00	3433.76	3987.62
Bank of Maharashtra	891.00	1082.78	1244.53
Canara Bank	3289.54	4005.23	4802.96
Central Bank	2730.66	3067.74	3470.60
Corporation Bank	542.00	695.00	862.00
Dena Bank	912.20	1171.62	1389.25
Indian Bank	2239.00	2530.00	2795.00
Indian Overseas Bank	1466.30	1805.58	2191.99
Oriental Bank of Commerce	1125.32	1445.00	1821.56
Punjab National Bank	4301.00	4571.30	4869.00
Punjab and Sind Bank	835.01	1056.18	1266.10
Syndicate Bank	1385.00	1579.00	1745.00
Union Bank	2063.54	2682.89	3157.86
United Bank of India	1305.00	1456.00	1524.00
UCO Bank	1380.72	1396.35	1468.89
Vijaya Bank	710.42	860.98	994.85

Cases of Robberies in RRBs

388. DR. ASIM BALA : Will the Minister of FINANCE be pleased to state :

(a) the details of cases of robberies committed in R.R.Bs and the extent of injuries and deaths caused during 1995 and 1996 so far, State-wise;

(b) whether any benefits/award has been granted to any staff members of these banks for their bravery in resisting the robbers; and

(c) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c). The information is being collected and will be laid on the Table of the House.

[Translation]

Setting up of National Export Council

389. SHRI JAI PRAKASH (HARDOI) : Will the Minister of COMMERCE be pleased to state :

(a) whether the Government have chalked out any plan to sell special import licence for the "India Brand Equity Fund" set up for popularising Indian brands in international markets;

(b) if so, the details thereof;

(c) whether the Government propose to set up National Export Council to make Indian products competitive;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) and (b). Yes, Sir. Vide Public Notice No. 374 dt. 2.9.96 reissuance of Special Import Licence surrendered to DGFT and its regional offices is provided for such purposes related to public interest as may be deemed fit by the Govt.

Special Import Licence equivalent to cif value of Rs. 167 crores surrendered to DGFT during 1995-96, have been earmarked for re-issue to MMTC and STC as per their requirement against the premium on the sale of such special Import licences be deposited in the account of India Brand Equity Fund.

(c) to (e). A proposal from Confederation of Indian Industry for formation of a National Export Council has been received and is under examination.

The proposal envisages a Committee under the Chairmanship of the Prime Minister for integrating the country's export strategy so as to enhance export growth and raise it in the first instance to US $ 100 Billion by 2000 A.D.

BCCL Cumulative Deposit Scheme

390. PROF. RITA VERMA : Will the Minister of COAL be pleased to state :

(a) whether Bharat Coking Coal Limited propose to launch cumulative deposit scheme on the pattern of Unit Trust of India; and

(b) if so, the amount of deposit likely to be mobilised under this scheme and how this fund is likely to be utilised?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRIMATI KANTI SINGH) : (a) As per information received from Bharat Coking Coal Limited, the company has no proposal to launch any Cumulative Deposit Scheme on the pattern of Unit Trust of India.

(b) Does not arise in view of the answer to Part (a) of the question.